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Message Text

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ORIGIN PRS-01

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UNCLAS STATE 122751 TOSEC 020022

E.O. 11652:N/A
TAGS:SOPN (KISSINGER, HENRY A.)
SUBJECT: WALL STREET JOURNAL EDITORIAL, TUESDAY, MAY 27.

FOR AMBASSADOR ANDERSON FROM FUNSETH;S/PRS
NO. 2

HEREWITH IS ENTIRE TEXT OF WSJOURNAL EDITORIAL ENTITLED:
TWO WAYS TO GO.

SECRETARY KISSINGER WILL BE PURSUING HIS IDEAS FOR INTER-
NATIONAL NEGOTIATION OF COMMODITY PRICES WHEN MINISTERS
FROM THE 24 OECD INDUSTRIAL NATIONS GATHER IN PARIS
TODAY AND TOMORROW.

BUT THERE IS SOME EVIDENCE THAT MR. KISSINGER HAS BECOME
MORE AWARE IN RECENT MONTHS OF THE DANGERS OF INTRODUCING
TOO MUCH POLITICS AND DIPLOMACY INTO AREAS WHERE MARKET
FORCES TRADTIONALLY HAVE HELD SWAY. THE FAILURE OF THE
APRIL PARIS MEETING THAT WAS SUPPOSED TO PREPARED THE WAY
FOR A DIALOGUE BETWEEN OIL PRODUCERS AND CONSUMERS MAY
HAVE HELPED. HIS RECENT KANSAS CITY SPEECH EXPRESSED
HOPES FOR A NEW PREPARATORY MEETING,BUT ALSO
GAVE SOME STRESS TO THE POINT THAT THE "PRESENT ECONOMIC
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SYSTEM HAS GENERALLY SERVED THE WORLD WELL."

WE HOPE THAT THIS MIGHT BE THE BEGINNINGS OF A NEW

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APPRECIATION FOR FREE MARKET PRINCIPLES BY THE UNITED STATES FOREIGN POLICY ESTABLISHMENT. IF THE U.S. COULD DEMONSTRATE TO THE WORLD THAT IT REALLY BELIEVES IN MARKET ECONOMICS, IT MIGHT BE MORE EFFECTIVE IN PROJECTING WORLD MARKETS AGAINST THE DEPREDATIONS OF STATE-MANAGED ECONOMICS.

UNFORTUNATELY, WHEN WE LOOK AROUND FOR FREE MARKETERS IN OUR DOMESTIC ECONOMY, THE VIEW IS DISHEARTENING. FOR EXAMPLE, SENATORS HUMPHREY AND JAVITS HAVE ROUNDED UP 100 ECONOMISTS, BUSINESS EXECUTIVES, POLITICIANS AND LABOR LEADERS IN SUPPORT OF A NEW BILL THAT WOULD SET UP "NATIONAL ECONOMIC PLANNING."

SENATOR JAVITS ASSURES US THAT SUCH PLANNING WOULD BE CONSISTENT WITH FREE MARKET PRINCIPLES AND NOT AN EMULATION OF THE SOVIET GOSPLAN. BUT ANOTHER HONCHO OF THE SENATOR'S PLANNING MOVEMENT, LEONARD WOODCOCK OF THE UAW, CAN BE HEARD TO SAY, SOTTO VOCE, THAT THE "SO-CALLED FREE MARKET" DOES NOT WORK.

RANGING YET FURTHER, WE FIND THE ASPECT EVEN MORE DEPRESSING. THE PRESIDENT OF THE NATION'S LARGEST AIRLINE, UNITED, DOES NOT THINK UNREGULATED COMPETITION WOULD BE GOOD FOR THE AIRLINE INDUSTRY. THE AMERICAN TRUCKING ASSOCIATION IS CONDUCTING A CAMPAIGN TO PRESERVE THE ANIT-COMPETITIVE POLICIES ADMINISTERED BY THE INTERSTATE COMMERCE COMMISSION.

AND THEN WE HAVE THE REDOUBTABLE HENRY REUSS, WHO WANTS THE NATION'S CREDIT MARKETS UNDER FULL GOVERNMENT CONTROL, WITH LOANS APPORTIONED TO THOSE BORROWERS DEEMED MOST WORTHY BY THE POLITICIANS. THE WISCONSIN CONGRESSMAN HASN'T BEEN ABLE TO ACHIEVE THIS GOAL AS QUICKLY AS HE AT FIRST HOPED, SO HE IS SNEAKING UP ON IT WITH A BILL THAT WOULD REQUIRE BANKS TO REPORT ON WHO IS GETTING LOANS - SO MUCH THE EASIER FOR THE CONGRESSMAN TO SNIPE AT THE
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UNWORTHINESS OF THEIR SELECTIONS AND LAY THE GROUNDWORK FOR HIS ULTIMATE AIM.

WE RECITE ALL THIS TO REMIND OURSELVES THAT ALL IS NOT WELL WITH HISTORY'S GREATEST MARKET ECONOMY, ONE THAT THROUGH MARKET PRINCIPLES ALSO HAS BECOME HISTORY'S MOST PROSPEROUS ECONOMY. IT IS A PECULIAR SORT OF PERVERSITY THAT CAUSES SO MANY MULLAHS OF THAT SOCIETY TO WANT TO JUNK THE MARKET IN FAVOR OF THE NON-MARKET PRINCIPLES THAT HAVE BEEN DEMONSTRATED THROUGHOUT HISTORY AS INFERIOR.

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TO UNDERSTAND THIS PREVERSITY, IT IS ONLY NECESSARY TO
UNDERSTAND THAT THE MARKET OFTEN IS UNKIND TO PRO-
DUCERS, FORCING THEM TO UNDERGO THE RIGORS OF COMPETITION.
ITS TRUE FUNCTION IS TO SERVE THE INTERESTS OF CONSUMERS.

IT SHOULD BE A SURPRISE TO NO ONE THAT THE GOVERNMENTS
OF NATIONS THAT PRODUCE AND EXPORT COMMODITIES MIGHT WANT
TO SUBVERT THE FREE MARKET. IT ALSO SHOULD BE A SURPRISE
TO NO ONE THAT SOME BUSINESSMEN AND LABOR LEADERS AND
THEIR POLITICAL FRIENDS IN THIS COUNTRY SHOULD WANT TO
DO THE SAME THING. AS ALWAYS, THERE ARE BEGUILING
ARGUMENTS THAT STATE MANAGEMENT IS NECESSARY BECAUSE
NEW CONDITIONS OF SHORTAGE EXIST, OR THAT THE FREE
MARKET CAUSES INFLATION, OR ANY NUMBER OF OTHER SPURIOUS
THEORIES.

IN FACT, THERE IS VERY LITTLE THAT IS NEW IN THIS WHOLE
ISSUE. AND IN ESSENCE, THERE ARE ONLY TWO WAYS TO GO.
THERE CAN BE STATE-ENFORCED MARKET COMPETITION BY
PRIVATE PRODUCERS OR THERE CAN BE STATE CONTROL OF THE
FACTORS OF PRODUCTION.

THE U.S. WOULD DO WELL TO MAKE UP ITS MIND WHICH IT WANTS.
THEN MR. KISSINGER COULD GO FORTH WITH MORE RESOLUTION
THAN HE HAS SHOWN TO DATE AND TELL THE WORLD THAT THE
UNITED STATES DOES AFTER ALL, STAND FOR SOMETHING.

END WSJOURNAL EDITORIAL TEXT.
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